

SUMMARY ANALYSIS OF AMENDED BILL

Author: Kehoe Analyst: Nicole Kwon Bill Number: SB 457

Related Bills: See Prior Analysis Telephone: 845-7800 Amended Date: Sept. 2, and Sept. 6, 2005

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Disaster Loss Deduction/Excess Loss Carryover/Shasta County Wildfires/Orange, Riverside, San Bernardino & San Diego County Severe Rainstorms, Related Flooding, Slides & Other Events

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO Support.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED August 25, 2005, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would allow taxpayers special tax treatment, called disaster loss treatment, for losses sustained as a result of the severe rainstorms and related events that occurred in Orange, Riverside, San Bernardino, and San Diego Counties.

SUMMARY OF AMENDMENTS

The September 2, 2005, amendments made minor technical changes.

The September 6, 2005, amendments made changes to the operative provisions of this bill by eliminating losses related to severe rainstorms and related events in Kern, Los Angeles, Santa Barbara, and Ventura Counties from receiving disaster loss treatment as a result of the enactment of this bill. Those losses would be eligible for disaster loss treatment by AB 164 (Nava/Bass), to which this bill is double-jointed. As a result of the amendments, a revised revenue estimate is included below. The remainder of the department's analysis of the bill as amended August 25, 2005, still applies.

Board Position:

☐ S ☐ NA ☐ NP
☐ SA ☐ O ☐ NAR
☐ N ☐ OUA ☒ PENDING

Legislative Director

Date

Brian Putler

09/13/05

POSITION

Pending.

ECONOMIC IMPACT

Revenue Estimate

Based on the discussion below, the total revenue loss from this bill is as follows:

Estimated Revenue Impact of SB 457 As Amended 9/6/05		
Assumed Immediate Enactment Date		
Fiscal Year Impact		
2005-06	2006-07	2007-08
a/	b/	a/

a/ Loss of less than \$150,000

b/ Loss of less than \$250,000

Revenue Discussion

The revenue estimate of this proposal is dependent on the amount of private personal property losses reported by residents in the counties of Orange, Riverside, San Bernardino, and San Diego.

The original revenue loss estimate that included all eight counties (Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura) totaled \$810,000. This bill's portion of the original revenue loss for the four counties listed above is estimated to represent approximately 62% or \$502,000. This revenue loss could be carried back to the prior tax year for a return already filed or allowed in future years. If total losses are utilized over a three-year period, including possible prior year tax refund, the revenue impact is deemed as insignificant for fiscal year 2005/06 and negligible for 2006/07.

LEGISLATIVE STAFF CONTACT

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